

BEFORE THE IDAHO BOARD OF TAX APPEALS

VAWN SMITH,)	
)	
Appellant,)	APPEAL NO. 22-A-1120
)	
v.)	FINAL DECISION AND ORDER
)	
BANNOCK COUNTY,)	
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bannock County Board of Equalization modifying an appeal of the valuation for taxing purposes on property described by Parcel No. RPR4013049517. The appeal concerns the 2022 tax year.

This matter came on for hearing October 5, 2022, in Pocatello, Idaho, before Board Member Leland Heinrich. Appellant Vawn Smith was self-represented. Bannock County Chief Deputy Assessor Anita Hymas represented Respondent.

Board Members Leland Heinrich and Kenneth Nuhn join in issuing this decision.

The issue on appeal concerns the market value of an improved residential property.

The decision of the Bannock County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$64,711, and the improvements' value is \$523,379, totaling \$588,090. Appellant does not dispute the improvements' value but contends the correct land value is \$40,000, totaling \$563,379.

The subject property is a 2.57 acre parcel located on the southern outskirts of Pocatello, Idaho. The property is improved with a 4,602 square foot residence and a 736

square foot attached garage. Appellant did not dispute the assessed value of the improvements in this appeal.

Appellant was mainly concerned subject's land was not equitably assessed compared to nearby parcels. Appellant shared assessment information for twelve (12) properties said to be within one (1) mile of subject. The properties were all vacant except for one (1) and were between 1.04 acres and 20.93 acres in size. They had assessed land values ranging from \$0 to \$140,749, or roughly \$0 to \$10,970 per acre. Subject's 2.57 acres of land were assessed at \$64,711, or approximately \$24,889 per acre. Appellant is requesting a land value of \$40,000, which would approximate a rate of \$15,385 per acre.

Appellant expressed further concern regarding the homeowner's exemption at hearing. Appellant believed the value of the one-acre homesite should be included in the improvements' valuation because the land is part of the homesite along with the residence. It was requested subject's remaining 1.57 acres be assessed "equally to the adjoining parcels," at \$0, especially since these remaining acres are "worthless" due to building restrictions. Appellant also shared concern there are no "open space" exemptions in Idaho Code, and therefore the neighboring parcels should not be valued at \$0, which value exempts them from taxation from Appellant's perspective.

Respondent spoke to Appellant's concern with the assessments of land near subject, especially the parcels with \$0 assessments. All five (5) of the parcels with a \$0 valuation were "open space" parcels, otherwise known as common areas. These parcels are dedicated to landowners in common, which means everyone in the corresponding neighborhood has access to use the space. They have a different land category and are

not residential lots. They cannot be sold or developed and are deeded to each lot owner in the respective subdivisions. Respondent stated all rural subdivisions have building restrictions and the county's planning and zoning regulations do not allow the full acreage to be developed, as there is a requirement for designated open space to preserve the integrity of rural areas. When purchasing a lot in a rural development with dedicated open spaces, the buyer is also purchasing access to that open space. The value of the open space is distributed evenly to each owner in the subdivision and is inherently included in the market value of each parcel, because each parcel equally enjoys the contributory value of the common area amenity. Therefore, each owner with access pays taxes for the open space, and the open space is not "exempt" from taxation in the way Appellant believes it is.

It was noted Appellant's other seven (7) comparable parcels also had different land categories. Six (6) were contiguous ownerships, meaning the owner of each parcel also owned an adjacent homesite parcel or multiple other parcels, which was where most of the assessed value was assigned. The last parcel had an agricultural exemption and was thus valued specially as required by the relevant statutes.

Respondent explained the homesite is valued at \$41,086, and the additional 1.57 acres are assessed at \$23,625. Further noted was the additional acres are not eligible for any exemptions. At hearing, Respondent requested the value be reinstated to the original 2022 assessment, at \$641,879, with \$118,500 attributable to the land and \$523,379 attributable to the improvements, which Respondent shared would make the assessment "in compliance with Idaho statutes," as assessments are required to be at 100% of market value. Respondent explained subject and all properties in the county are assessed using

a mass appraisal approach. In this approach, all land sales were compiled, arranged by area, then compared to last year's land values to determine necessary adjustments to reach current market value. As subject is improved, Respondent classified it accordingly to residence type, grade, size, and age, which is standard appraisal practice in the county. Respondent provided both improved and unimproved sales to validate subject's original assessed value.

Respondent additionally supplied three (3) improved sales in support of subject's assessment, but at hearing focused on the land sales as Appellant was not concerned with the improvements' valuation. Five (5) unimproved lot sales were provided. They were all within 1.42 miles of subject and were between 1.0 and 5.68 acres in size. The sale properties sold between April and June 2021 with time-adjusted sale prices between \$115,500 and \$194,668. None of the lots had well or septic, and Respondent indicated subject's well and septic is valued at \$15,675. Without the value of these utilities, subject's 2.57 acres of land are valued at \$49,036, which Respondent characterized as "drastically low" for the area in comparison to both sales and assessed values, though Respondent offered no specific examples. Respondent also explained its sales data demonstrates a larger parcel will typically sell for less per acre than a smaller parcel will.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value in fee simple interest or, as applicable, exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2022, in this case. Market value is always estimated as of a precise point in time. Market value is defined in Idaho Code § 63-201, as,

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Market value is estimated according to recognized appraisal methods and techniques. There are three (3) approaches to value: the sales comparison approach, the cost approach, and the income approach. The sales comparison approach is commonly used in the valuation of a residential property. In general terms, the approach examines recent sales of similar property and considers differences in the property characteristics between subject and the sale properties.

Appellant did not provide a traditional sales comparison analysis in support of the land valuation request. Instead, Appellant focused on a comparison of assessed land values between subject and twelve (12) nearby parcels. While the Board appreciates information regarding subject's neighborhood, comparing assessments is not a recognized appraisal approach to develop an accurate estimation of current market value. Additionally, Respondent demonstrated none of the parcels were truly comparable to subject as they all had different land categories. Five (5) were dedicated to landowners in common, six (6) were contiguous parcels where the respective homesites were on an adjacent parcel, and one (1) was receiving an agricultural exemption. Where subject is a residential parcel with a homesite and is not receiving an agricultural exemption, the Board agrees Appellant's comparable parcels were not truly comparable.

Appellant also was confused about the homeowner's exemption and the allocation of value on the assessment to calculate the exemption. Respondent made it clear no land value is included in the value of the improvements for purposes of calculating the homeowner's exemption. Respondent also shared at hearing the first acre does not have its own line on the assessment, even though it is valued differently from excess acreage and is eligible for exemption while the excess is not.

Respondent provided recent sales in support of subject's current assessed value, with a focus on sales of unimproved lots. The unimproved parcels were between 1.0 and 5.68 acres and sold between \$115,500 and \$194,668. Subject is 2.57 acres and its land, minus the value of well and septic to accurately compare it to the vacant parcels, is currently assessed at \$49,036. In light of Respondent's nearby sales, the Board found subject's land value reasonable.

Respondent requested a value increase at hearing, but the Board did not find sufficient evidence to support an adjustment. While subject's valuation was lower than the vacant sales Respondent provided, the only adjustment in Respondent's analysis was for time. No adjustments were made for location or size, both of which are well known to influence sale price. Additionally, the improved comparable sales had adjusted sale prices which comfortably bracketed subject's full assessed value, which is the bottom-line issue in this appeal. The Board finds these sales to substantiate subject's current assessed value of \$588,090 and is not inclined to adjust subject's value in either direction.

In accordance with Idaho Code § 63-511, the burden is with Appellant to establish subject's valuation is erroneous by a preponderance of the evidence. While a comparison of assessed values can provide evidence of inequitable assessment in an area, the Board

finds no such inequity here. Where Respondent's comparable sales demonstrated the assessed value to be reasonable, and there was no indication of inequitable assessment, the Board will affirm the decision of the Bannock County Board of Equalization and deny this appeal.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bannock County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 3rd day of January, 2023.